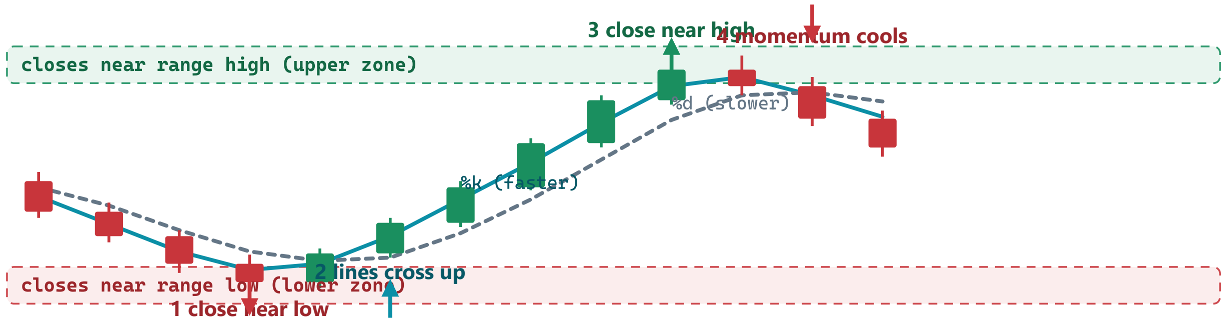
INDICATORS & TOOLS

the stochastic oscillator

the stochastic oscillator asks a simple question: where did price close inside its recent range? it turns that answer into two lines that travel between 0 and 100, so you can read momentum at a glance.

QUANTREEF
market microstructure



1
close sits near the low
price drifts down and each candle closes toward the bottom of its recent range. the oscillator reads low, dropping into the lower zone below 20 that many call oversold.

`reading near 20`

2
the lines turn up
price steadies and closes creep higher within the range. the faster %k line curls up through the slower %d line, a crossover that describes momentum shifting from down to up.

`%k crosses %d`

3
close sits near the high
a strong push leaves candles closing near the top of their range. the oscillator climbs into the upper zone above 80, often called overbought, meaning closes are stretched toward the range high.

`reading near 80`

4
momentum cools off
price stalls and closes slip back from the highs. the two lines roll over and cross downward inside the upper zone, describing momentum easing rather than forecasting any move.

`lines roll over`

Key terms

%k line — the faster line; measures where the latest close sits within the recent high-to-low range, scaled 0 to 100.

%d line — a smoothed average of %k, so it moves slower and is used as a reference for crossovers.

overbought / oversold — the zones above 80 and below 20; they describe closes stretched near the range's high or low, not a verdict.

crossover — when %k and %d cross; a plain description of the faster line's momentum shifting relative to the slower one.

How to read & use it

read the range, not the price
a high reading just means the close landed near the top of the recent range, and a low reading near the bottom. it says nothing about how far price travelled in dollars.

zones are context, not commands
the oscillator can sit in overbought or oversold for a long stretch during a strong trend. staying in a zone describes persistence, it is not a countdown to a reversal.

watch the two lines together
crossovers of %k and %d are easier to read than either line alone. their gap and direction describe whether momentum is building or fading within the range.

HOW QUANTREEF SHOWS THIS

what quantreef displays is descriptive context and education about where price closed within its range. it is not a signal, recommendation, or prediction, and it does not tell you to buy or sell anything.

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